

Federal Government Credit and Debit Card Acquiring Banking Services Rebid

...the status and future of the
Plastic Card Network

Tim Kanaley

PCN History

- Established in 1987
- 2005: more than 55 Million transactions worth over \$6 Billion
 - one-third PIN-based debit
- Over 300 active ALCs with over 2000 merchant accounts (cashflows)

PCN Basics

- Government collections by credit/debit card
- Agencies must use PCN with some exceptions
- Payments include fees/fines, other funds due
- Domestic and international

PCN Basics

- Operated by Financial Institutions designated as Financial Agent (FA) by FMS
 - Most recently Mellon Bank and Bank of America
- Over-the-Counter (OTC), Lockbox and Internet (Pay.gov) collections
- FA deposits to ALCs through Ca\$hlink II

PCN Basics

- Program fees paid by FMS
 - Interchange/Discount fees
 - Per transaction ~2% of transaction amount (credit)
 - Transaction fees
 - Support/Other fees
 - Set-up and operations
 - Reporting

PCN Guidelines

- Application/Agreements
- Equipment
 - Costs for equipment paid by agency
- Intragovernmental Transactions
- Max. transaction amount / fraud monitoring
- Ancillary services/industry standards

PCN Rebid – the why

- FMS goals
 - more efficient electronic processing
 - best-in-class service
 - cost
- Periodic program review

PCN Rebid – the how

- Financial Agent Selection Process (FASP)
 - initial notice/proposals
 - second round questionnaire
 - face-to-face meetings with candidate FIs
 - designation of financial agent
 - documentation

PCN rebid – the process

- FMS team representing affected areas
- Review of questionnaires and initial pricing
- Exhaustive review of existing portfolio
- Presentation of portfolio/requirements
- Comparison of pricing/capabilities
- Evaluate/Select

Card Acquiring Banking Services

- Low cost – in line with industry standard
- Reporting
 - interim solution to TRS
 - web-based – no software or special files
 - 18 months of transaction detail
 - daily and monthly reports
 - user friendly/customizable

Card Acquiring Banking Services

- Paperless
 - streamlined application process
 - eliminate paper 215s
 - online return/chargeback processing
- Existing relationships / expertise
- Interchange Management

Conversion process

- Goal of having minimal impact on agencies
- Develop targeted conversion schedule
- Contact agency personnel as necessary
 - using existing contact information
- Dedicated conversion team (FA & FMS)

Conversion administration

- Mike Burnum, Director, Settlement Services Division
- Mike Salapka, Program Manager, General Revenue Collection Division
- TBD, Over the Counter Revenue Collection Division

Card Acquiring Banking Services

QUESTIONS?